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*Silver State Wellness, LLC.*

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# NAC-453A WORKSHOP POINTS

## Summary

The following document contains questions and in some cases suggestions for change to specific Sections of NAC-453A. These points are being submitted with the intention to clarify or enhance the language of NAC-453A and supporting documents.

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# NAC 453A

## Section 25 & 48.5 Fees

**Redundant fees for multiple applications within the same group are heavy. Discounts should be applicable or a single application that allows for an entity to identify which business types they are applying for (check a box and allocate the appropriate sections to be completed for each business type).**

**This would make good since from a tier one qualification approval, as a group shouldn't require approve of qualifications twice. From a tier II application submission the process to approve an organization for any one or all business types should be made at one time to be able to measure the total benefits a group will provide the State and Community.**

## Section 35.1 –

**Please confirm that this applies only to changes in the business, vs. it must be done every year? If it is annual regardless, we need to request the basis by which a renewal would be denied.**

## Section 35.3 - Transfer of Ownership

**Clearly there needs to be process by which a business can be sold in the future. We agree with the concept to follow a similar process to a gaming license sale.**

## Section 36 - License Renewals

- 1. How long is the initial term of an MMJ License?**
- 2. What is the basis for a renewal application? What reasons does the state have to not renew a license? Is this a normal process or are there renewal risks?**
- 3. Why are financials required for renewal? Will the State apply an opinion of how strong your business is and whether it should be allowed to continue?**

## Section 36.3 – Audited Financials

**This will carry a large expense with very little benefit to the State in the first year or two. We recommend that this requirement be adjusted to reviewed financials for businesses that generate less than \$1.5m annually with no audits in year 1 and 2 for all businesses.**

**This is based upon the time line for the businesses to begin business operations. Year 1 will most likely have 3-5 months where business can be transacted (at best), this on top of the fact that most businesses will lose money in the first 24 month of operation, it is an unfair burden to ask owners to loss an additional (\$50k - \$150K).**

Section 41 - Agent Reg. Cards - there must be one of the following:

1. Manager Card - allows managers to move between business Units that are owned by the same company. (disp, edibles, Cult)
2. Multi-Function Card - for employees that work at more than one business unit owned by the same company, or
3. Multiple Cards to be issued to personnel that are cross functional.

**What will it be? We would like to see a multi-purpose card, as the costs of cards will be compounded if multiple are required. Not to mention risk of loss and tracking.**

Section 48.5 - Fees

**As I read this the Division is charging and collecting fees? What about the local jurisdiction? Are there additional fees which will be collected by local jurisdictions?**

Sec 50 - Use of Name or Logo

How are we to have a business registered with the State for submission to be approved if we need the Divisions approval of the name? Does this mean we need to have dBa's for any business secondary to the register business name?

This will drive additional costs to the businesses in the setup and maintenance, not to mention tax preparation costs which will follow.

Obvious issues with brand development and advanced marketing.

This is in conflict with section 25.2.b which requires a legal name of entity as part of the Tier I and Tier II submissions.

**We recommend that either the regulations are updated to allow one of the following:**

1. **Applicant to submit “proposed” name of entity at the time of Submissions, the names can be reserved with the State pending an application approval.**
2. **Issue clear guidelines to support the development of names and brands, to allow groups to select appropriately prior to submission.**

**Sec. 70 & Section 7 of Request for Qualifications.**

We need to **clarify the requirements** outlined within the request for Qualifications section 7, which requests an organic production plan.

**Is this a requirement! If so, does this exclude the use of hydroponics?**

while section 70 of the regulations states - "A cultivation facility or facility for the production of edible marijuana products or marijuana-infused products shall not label usable marijuana or marijuana products as "organic" unless the marijuana plants used in the product are produced, processed and certified in a manner that is consistent with the national organic standards established by the United States Department of Agriculture in accordance with the Organic Foods Production Act."

**Which leads to the interpretation that Organic as an option. Is it an option or Not?**

This said, we are leaning towards hydroponic growing. So does that eliminate us or does it harm us as a non-organic cultivator. (As a note, there are several key points that are causing us to consider hydroponics over organic. some of which include: cleanliness, waste, sustainability, decreased power requirements and the ability to significantly limit the amount of human contact during the growing process)

**So which is it? And if it is an option why is an organic production plan a requirement within the request for qualifications?**

**Se suggest that the Request for Qualification Section 7 be updated to "Production Plan" as a neutral term and have each group submit their plan and the merits of that plan.**

Section 138.2.a

**A log must be maintained that indicates whether a person is authorized to cultivate, grow or produce marijuana? What is the difference between these terms?**